



Sweet Home Central School District of Amherst and Tonawanda

Business Office
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Donald Feldmann, Director of Finance

Sweet Home Central School District CORRECTIVE ACTION PLAN Internal Control Report YEAR ENDED JUNE 30, 2021

February 8, 2022

This Corrective Action Plan is in response to the recommendations made in the internal control report dated February 1, 2022 for the Sweet Home Central School District.

Budget and Budget Monitoring

1. **District did not properly follow the budget transfer policy** – Internal Audit noted that the District did not properly follow its budget transfer policy during the year ended June 30, 2021. For each budget transfer of salaries and other expenses, the District's budget transfer policy sets authorizations based on established threshold amounts. Budget transfers up to \$25,000 are to be approved by the Director of Finance and Plant Services. Budget transfers between \$25,001 and \$50,000 are to be approved by the District's Superintendent. Lastly, budget transfers over \$50,000 require the Board of Education's (the "Board") approval. A budget transfer request form is completed and primarily utilized for documenting the approval of budget transfers other than those requiring Board approval.

Internal Audit noted one budget transfer below \$25,000 for which a budget transfer request form was not completed. The business office provided email support for the budget transfer which was signed by the District Treasurer rather than the Director of Finance and Plant Services. We noted each of the 11 budget transfers between \$25,001 and \$50,000 were documented with a budget transfer request form approved by the Director of Finance and Plant Services, rather than the Superintendent.

2. **District does not have written instructions outlining the development of the annual District budget** – Internal Audit noted The District does not have one set of formal written procedures or work instructions for the budget process. The information obtained from the various department heads in developing the annual budget is maintained in a binder by the Director of Finance and Plant Services. The Director of Finance and Plant Services formulates the entire budget through the use of Excel spreadsheets. Although the District has established a budget planning and development policy which guides the process, the specific instructions for procedures completed by the Director of Finance and Plant Services and all staff members involved in the process is not documented in writing.

Cash Management

1. **No findings or recommendations as a result of Internal Audit**

Purchasing, Accounts Payable and Disbursements

1. District does not have written instructions outlining accounts payable functions and procedures— Internal Audit noted that although there is a formal written policy for various duties in regards to purchasing procedures, this does not cover everything associated with accounts payable functions as the policy's primary focus is on the guidelines and restrictions involving the purchasing functions. Staff should be provided with written instructions to assist them in properly performing their necessary duties. Written instructions aid in ensuring employees understand their responsibilities, hold staff accountable and also aid in staff transitions. Currently, no such instructions exist; however, we noted that all staff involved in the accounts payable functions appear to be cross-trained and well aware of their duties.

Corrective Actions Taken and Planned:

Budget & Budget Monitoring:

1. District did not properly follow the budget transfer policy - The District is aware and recognizes that it did not appropriately follow its budget transfer policy in some instances during the 2020-21 year. The policy was changed at the onset of the year and the Business Office was operating under an older established policy. Budget transfers are also reviewed by the Superintendent and Board of Education at monthly school board meetings. Once made aware of the issue, The Business Office will adhere to the current policy as written.

Corrective Action: The Business Office will adhere to the present budget transfer policy and its corresponding authorization thresholds: *Budget transfers up to \$25,000 are to be approved by the Director of Finance and Plant Services. Budget transfers between \$25,001 and \$50,000 are to be approved by the District's Superintendent. Lastly, budget transfers over \$50,000 require the Board of Education's (the "Board") approval.*

Effective: February 1, 2022

2. District does not have written instructions outlining the development of the annual District budget - The District is aware that it does not have formal, written instructions detailing the development of the annual District budget.

Corrective Action: The Business Office will develop formal written instructions outlining the development of the annual District budget during the 2022-23 budget development cycle.

Effective: May 1, 2022

Purchasing, Accounts Payable and Disbursements:

1. District does not have written instructions outlining accounts payable functions and procedures – The District is aware that it does not have formal, written instructions detailing accounts payable functions and procedures.

Corrective Action: The Business Office will develop formal written instructions outlining accounts payable functions and procedures during the remainder of the 2021-22 school fiscal year. Effective: July 1, 2022